

AMENDMENTS TO THE SPECIFICATION:

Please amend page 9, paragraph [37] of the specification as follows:

In another embodiment, when a scene cut occurs between two pictures n and n-1 and the picture before the scene cut n-1 is not the first frame of GOF, then a picture type decision may assign picture n-1 as a P frame and picture n as either an I or a P frame. In this embodiment, the pictures n-1 and n may be coded at either full quality ~~[[of]]~~ or low quality. Full quality means using the same coding parameters as for previous pictures. Low quality means reducing the spatial quality of the picture, typically by increasing the value of the quantization in 200.